



March 1, 2023

Chair Tina Liebling
House Health Finance and Policy Committee
477 State Office Building
100 Rev Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Dear Chair Liebling and committee members:

On behalf of Minnesota Farmers Union (MFU), I write to share our support of HF1752, which would help protect rural pharmacies and lower prescription drug costs for individuals covered by Medical Assistance or MinnesotaCare.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918. At our annual convention in November, members voted to make healthcare affordability and protecting competition in the marketplace, top priorities for this coming legislative session. This proposal helps address both concerns.

Minnesota lost 30% of its small, independently owned pharmacies, more than any other state from 2010 to 2019, according to a survey by Pharmaceutical Care Management Association.ⁱ This can leave rural communities without a provider of prescription drugs and other services such as vaccinations and reduces the number of main street businesses in a community.

Surveys suggest that independent pharmacies outperform large drugstore chains on price, quality of care and wait times, yet are still disappearing.ⁱⁱ A significant reason for the loss of community pharmacies is consolidation among pharmacy benefit managers (PBM). Just three companies make up 70 percent of the PBM market and all three operate their own mail-order pharmacies as well. The largest PBM, CVS Caremark, also controls the largest pharmacy chain in the country.ⁱⁱⁱ

Under HF1752, the Department of Human Services (DHS) would administer the pharmacy benefit for Medical Assistance and MinnesotaCare instead of Managed Care Organizations (MCOs) through their PBMs. This proposal would enable the state to save money that currently goes to administrative costs and PBM profits.

West Virginia provides a powerful example of the potential benefits for Minnesotans. The state implemented the model envisioned by HF1752 in 2017 and now covers 550,000 Medicaid enrollees, much less than the over one million Minnesotans covered by Medical Assistance and MinnesotaCare.^{iv} This prescription drug carve-out led to a savings of \$54.5 million in 2018 and changes to the state's reimbursement methodology during the carve-out process led to an infusion of \$122 million in dispensing fees to the state's pharmacy community instead of out-of-state PBMs.^v

Thank you to Chair Liebling for authoring this legislation. MFU hopes the rest of the committee will follow her lead and approve this important legislation.

If you have any questions, please contact our Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, looped "G" and a long, sweeping "W".

Gary Wertish
President, Minnesota Farmers Union

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- ⁱ <https://www.startribune.com/independent-family-pharmacies-struggle-to-survive/572928111/?refresh=true>
- ⁱⁱ <https://www.consumerreports.org/pharmacies/consumers-still-prefer-independent-pharmacies-consumer-reports-ratings-show/>
- ⁱⁱⁱ <https://ilsr.org/fighting-monopoly-power/pharmacy/>
- ^{iv} <https://mn.gov/dhs/medicaid-matters/who-medicaid-and-minnesotacare-serves/>
- ^v <https://nashp.org/states-assert-their-drug-purchasing-power-to-capture-savings-for-medicaid>